

## LNF & IHCIF Calculations Illustration

### - WESTERN ORGN in Portland area -

#### Given Data

- 10,729 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 23% = % Expenditures on purchased services, 77% = % expenditures in-house
- 113.2% = Cost index for purchasing health care in this geographic area
- 101.7% = Size cost index for in-house costs due to small or large size
- 96.9% = Portland area cost index for health status above or below average

#### Cost Adjustment Calculations

- \$776 per person for purchased services =  $23\% * 113.2\% * \$2,980$
- \$2,333 per person for in-house services =  $77\% * 101.7\% * \$2,980$
- \$3,109 per person total = \$776 (purchase) + \$2,333 (in-house)
- **\$3,013 per person total** adjusted for health status =  $\$3,109 * 96.9\%$
- **\$2,268 per person net cost** =  $\$3,013 - \$745$  Other resources (M&M&PI)

#### Existing Expenditures (for 10,729 users excluding wrap-around and collections)

- \$1,275 per person = local IHS allowance (excludes \$ for wrap-around)
- \$152 per person = expenditures elsewhere in Portland area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$1,482 per person for OU users** =  $\$1,275 + \$152 + \$54$

#### LNF Calculation

- **49.2% Gross LNF** =  $\$1,482$  (expenditures) /  $\$3,013$  total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **65.3% Net LNF** =  $\$1,482 / \$2,268$  net cost ( $\$3,013 - \$745$  other)

#### IHCIF Allocation

- \$0 = \$ to raise LNF% from 65.3% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction =  $\$9,000,000$  fund /  $\$258,040,100$  needed
- **\$0 Allocation** = \$0 needed for 60% \* 3.488% IHCIF fraction

#### WESTERN ORGN Unmet Needs

- **\$24,336,014 Net Total Need** = 10,729 users \* \$2,268 net cost
- **\$8,440,546 Net Unmet Need** =  $(100\% - 65.3\% \text{ LNF}) * 10,729 \text{ users} * \$2,268 \text{ net cost}$